



# STATE OF IOWA

CHESTER J. CULVER, GOVERNOR  
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DEPARTMENT OF HUMAN SERVICES  
EUGENE I. GESSOW, DIRECTOR

April 3, 2009

## GENERAL LETTER NO. 8-E-84

ISSUED BY: Bureau of Medical Supports,  
Division of Financial, Health and Work Supports

SUBJECT: Employees' Manual, Title 8, Chapter E, *INCOME*, pages 1, 2g, 2h, 54, 77, 78,  
and 79, revised.

### Summary

This chapter is revised to:

- ◆ Clarify that a client who provides a signed release to a specific individual or organization for specific information has met the requirements for supplying requested information or verification.
- ◆ Add the ability to project income using one pay stub or averaging three years of self-employment records when it is indicative of future income.
- ◆ Update the Mother and Children (MAC) income chart with new poverty levels.

### Effective Date

April 1, 2009

### Material Superseded

Remove the following pages from Employees' Manual, Title 8, Chapter E, and destroy them:

<u>Page</u>	<u>Date</u>
1	August 3, 2007
2g	March 20, 2001
2h	March 9, 2007
54	November 7, 2008
77-79	August 3, 2007

### Additional Information

Refer questions about this general letter to your area income maintenance administrator.

## **OVERVIEW**

This chapter contains income policy information for both SSI-related and FMAP-related Medicaid coverage groups. General income policies regarding verification of income and income limits follow this overview.

Next, you will find the income policies for the SSI-related coverage groups. This section begins with an explanation of projecting income, joint ownership, and deeming.

The following section gives instructions on how to treat each type of income for SSI-related coverage groups, alphabetized by types. In-kind income, self-employment income, and veteran's affairs payments are described in separate sections because they are longer and more detailed. The last SSI-related section covers deductions.

The balance of the chapter contains the income policies for the FMAP-related coverage groups. This part begins with a section explaining what income is considered. It also explains budgeting for FMAP-related households, income in minor parent or minor pregnant woman situations, and the Work Transition Period (WTP).

The next section gives instructions on how to treat each type of income for FMAP-related coverage groups, alphabetized by types. Child support for composite FIP and FMAP-related households, lump-sum income, and self-employment income are described in separate sections.

The balance of the chapter covers FMAP-related deductions and diversions, including stepparent situations and ineligible parent situations.

## **Verification of Income**

**Legal reference:** 441 IAC 76.2(249A), 75.57(1)“f” and 75.57(2)“l”

Any countable income received during the period of time for which income is being considered needs verified. See [Projecting Future Income](#).

The client must provide requested verification. A client who provides a signed release to a specific individual or organization for specific information has met the requirement for supplying requested information or verification. The general release does not meet this requirement unless the client asks for help.

Use the “prudent person” concept in determining if the information on the WAGE A screen confirms the statements on the application, unless State Supplementary Assistance, MEPD, Medically Needy with a spenddown, or any coverage group involving client participation is or will be involved.

Mr. G applies for Medicaid for his four children. He does not request Medicaid for himself. The only income received by the family is Mr. G’s \$1,810 biweekly earned income from ACME Tree Service. Mr. G does not supply pay stubs with the application.

The worker accesses the WAGE A screen. The income from the most recent quarter listed is \$11,100. The monthly average income is \$3,700. The worker determines that the WAGE A information confirms the amounts listed on the application.

A projection of \$3,620 ( $\$1,810 \times 2$ ) is entered. After allowing a 20% earned income deduction and a \$700 child care deduction ( $\$175 \times 4$  if child care is verified), the countable income of \$2,196 does not exceed the five-member MAC income limit at 133%.

If, using prudent-person concept, the average monthly income from the most recent quarter listed on the WAGE A screen does not confirm the statements on the application form, request verification of the earned income.

Mrs. J applies for Medicaid for herself and her two children. On the application, Mrs. J states she receives between \$500 and \$600 biweekly from Acme Computer Sales. No pay stubs are submitted with the application. The worker accesses the WAGE A screen. The most recent quarter listed shows \$4,788 reported. The monthly average would be \$1,596 ( $\$4,788 \div 3$  months).

The worker determines that the monthly average income is significantly higher than the amounts stated on the application. THEREFORE, WAGE A does not confirm the amounts on the application. The worker documents the case file accordingly and requests income verification from Mrs. J.

### **FMAP-Related Income Limits**

**Legal reference:** 441 IAC 75.1(1), 75.1(6), 75.1(14), 75.1(15), 75.1(28)“a,” 75.58(2), 76.1(31)

Income must be within FMAP program limits, unless otherwise specified by the coverage group under which the person is applying or eligible. See [Applying Income Tests for FMAP and CMAP](#).

Discontinue application of the Standard of Need Test (Test 2) beginning with the month following the month of decision. Do not apply Test 2 when determining initial eligibility for a new person who enters an existing FMAP-related eligible group.

	Household Size						
	1	2	3	4	5	6	7
<b>Test 1</b>	\$675.25	\$1,330.15	\$1,570.65	\$1,824.10	\$2,020.20	\$2,249.60	\$2,469.75
<b>Test 2</b>	\$365.00	\$719.00	\$849.00	\$986.00	\$1,092.00	\$1,216.00	\$1,335.00
<b>Test 3</b>	\$183	\$361	\$426	\$495	\$548	\$610	\$670

For the mothers and children coverage group, income limits are based on poverty levels:

- ♦ 200% of poverty for pregnant women and infants.
- ♦ 133% of poverty for children aged 1 through 18.

Poverty Level	Household Size								Additional Person
	1	2	3	4	5	6	7	8	
<b>200%</b>	\$1,805	\$2,429	\$3,052	\$3,675	\$4,299	\$4,922	\$5,545	\$6,169	\$624 each
<b>133%</b>	\$1,201	\$1,615	\$2,030	\$2,444	\$2,859	\$3,273	\$3,688	\$4,102	\$415 each

After being determined eligible, pregnant and postpartum women (in the 60 days after the end of pregnancy) do not have income limits.

The Medically Needy coverage group does not have an income limit, although the applicant may have to meet a spenddown before eligibility exists. See 8-J, [INCOME POLICIES](#).

When the reason an applicant receives aid and attendance or housebound allowance is for costs which the Medicaid program or State Supplementary Assistance program will be meeting (such as nursing facility or in-home health related care), deduct the aid and attendance or housebound allowance to determine the amount of the Medicaid or State Supplementary Assistance payment.

If a member is in a nursing facility, add the aid and attendance or housebound allowance to the client participation to determine the total client participation owed. If a member receives in-home health-related care to meet the same need for which the member gets aid and attendance or housebound allowance, add the aid and attendance or housebound allowance to the client participation to determine the total client participation owed.

If a member is on two or more programs where aid and attendance is considered, such as waiver and in-home health-related care, allow the member to choose the program to which the VA aid and attendance payment would be applied.

If the client cannot verify the amount for aid and attendance or housebound allowance, request verification from the Department of Veterans Affairs. A client who provides a signed release to the Department of Veterans Affairs has met the requirement for supplying requested information or verification. The general release does not meet this requirement unless the client asks for help. Add the VA file number to a specific release.

### **Clothing Allowance**

**Legal reference:** 20 CFR 416.1121

A lump-sum allowance is payable in August of each year to a veteran with a service connected disability who has a prosthetic or orthopedic appliance, including a wheelchair. This VA clothing allowance is to defray the increased cost of clothing due to wear and tear caused by these appliances and **is not income**.

### **Payments for Dependents**

**Legal reference:** 20 CFR 416.1121

In some instances, the VA considers the number of dependents to determine the amount of the veteran's or surviving spouse's benefit. Payments for dependents are augmented payments. The augmented payment may be included in the same payment made to the veteran or widow or may be made in a separate payment to the dependent.

### **Projecting Income**

**Legal reference:** 441 IAC 75.57(9)

For all FMAP-related coverage groups, always count income prospectively.

Use and project as future income all nonexempt earned and unearned income received by the eligible group. Any of the following may be used as a guideline:

- ◆ Income received in the 30 days before receipt of an application or review form.
- ◆ Income received in a different 30-day period that is indicative of future income.
- ◆ Income received in a longer period of time that is indicative of future income.
- ◆ One pay stub that is indicative of future income.
- ◆ Self-employment tax returns or books if indicative of future income. (This may include the past three years' average.)
- ◆ Income verification obtained from the income source.

1. Mr. and Mrs. B apply for Medicaid for their children on August 21. In order to project income, the worker requests verification of all income received by the eligible group in the 30 days before August 21, the date of application if it is indicative of future income.
2. Mr. C files an application for Medicaid on July 27. Most of the application is blank but it does list Mr. C and his children. Several unsuccessful attempts are made to contact Mr. C to gather information and determine if the application is for only the children or for all household members.

Although an interview is not required, the worker decides to schedule an interview for August 9. In order to project income, the worker requests verification of all income received by the eligible group in the 30 days prior to the application date.

At the interview, the worker and Mr. C decide that this 30-day time frame is not a good indicator of future income. They explore whether a different or longer time frame would be indicative of future income, or whether verification from Mr. C's employer would be the best information.

3. Ms. E applies for Medicaid for herself and her children on September 25. The worker requests information in order to process the application. When the information is received, the worker contacts Ms. E again to clarify some information.

During this conversation, it is determined that the 30-day period before the application is not a good indication of future income. The worker sends another request to Ms. E to verify income based on their conversation and the time frame that Ms. E felt would be a good indication of future income.

Accept the statement of the client as to what time frame is representative of future income.

The decision on whether to use a longer period of time or to request verification of future income from the income source should primarily be the client's. However, when the client is unsure of which would be the best indicator of future income, request verification from the income source.

Also, if the client does not have proof of income, request verification from the income source.

1. Ms. E applies for Medicaid for only her children. The application date is September 21. The only income received by the eligible group is earned income from Ms. E's job. She states that the income she received in the 30 days before September 21 is indicative of future income. The worker requests Ms. E to provide verification for that period of time.
2. Mr. and Mrs. F and their children apply for Medicaid on July 16. The only income received by the eligible group is from Mrs. F's part time job.

Mrs. F is unsure if her past income is indicative of future income, since her employer just informed her that she will likely be working fewer hours than she has in the past. The worker requests verification of future income from Mrs. F's employer.

When a third or fifth check occurs during the period being used to project income, do not ignore it. Instead, add all check amounts together, divide the total by the number of checks, and multiply that result by four, if the income occurs weekly, or by two, if the income occurs biweekly.

Ms. G applies for Medicaid for her children on September 1. Ms. G is employed and is paid biweekly. She says her income in the 30-day period before the application date is indicative of future income. During the 30 days before the application date, she received three paychecks. Her projected income is calculated as follows:

\$ 653.45	August 3 pay
628.89	August 17 pay
+ 637.44	August 31 pay
\$ 1,919.78	Total income for the 30-day period
÷ 3	
\$ 639.92	Average biweekly pay
x 2	
\$ 1,279.84	Projected monthly income

The projection of \$1,279.84 is used in determining the Medicaid eligibility for Ms. G's children beginning with the month of September.

### **Rounding Down**

**Legal reference:** 441 IAC 75.57(249A)

When the need standard or benefit amount is not a whole dollar, round down to the next whole dollar. Round down the Standard of Need in:

- ◆ The 185 percent test.
- ◆ The standard of need test.
- ◆ The allowance for the needs of a stepparent and dependents.
- ◆ The allowance for the needs of self-supporting parents and dependents when deeming income to unmarried parents under age 18.
- ◆ The allowance for the needs of an alien's sponsor and dependents when deeming income to the alien.
- ◆ Determining the period proration resulting from receipt of a nonrecurring lump sum.

**Do not** round down the Schedule of Basic Needs.